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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 10/28/08

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Yomiuri:

Hironobu Takezaki to take office as chief justice of Supreme Court:

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Will take lead in creating lay judge system

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Mainichi:

- (1) Record-low stock prices: Prevent political recession by seeking voter mandate through general election

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- (1) Record-low share prices: Ruling and opposition camps must work together to respond
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Nikkei:

- (1) Immediate and bold measures needed to deal with extreme stock plunge and strong yen
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Akahata:

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3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, Oct. 27

October 28, 2008

10:08

Met Chief Cabinet Secretary Kawamura at the Kantei. Issued an official appointment to BOJ Deputy Governor Yamaguchi, with Kawamura and others present.

10:53

Met JICA President Ogata, with Foreign Ministry's International Cooperation Bureau Director General Kitera..

11:27

Met LDP Policy Research Council Chairman Hori, New Komeito Policy Research Council Chairman Yamaguchi, LDP global financial crisis project team chairman Yanagisawa, Finance Minister Nakagawa, Economic and Fiscal Policy Minister Yosano and others.

14:00

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Met Foreign Ministry Foreign Policy Bureau Director General Bessho. Followed by Deputy Chief Cabinet Secretary Uruma.

15:15

Met Upper House member Yoriko Kawaguchi, chairman of the international nuclear nonproliferation and disarmament council, and other members. Followed by People's Political Association Chairman Nobuo Yamaguchi.

15:58

Met Cabinet Intelligence Director Mitani.

16:59

Attended a party executive meeting in the Diet Building. Upper House Chairman Otsuji, Upper House Diet Affairs Committee Chairman Suzuki, and Deputy Chief Cabinet Secretary Kounoike stayed behind.

18:30

Dined with Secretary General Hosoda and Diet Affairs Committee Chairman Oshima at a Japanese restaurant in the Hotel Okura. Joined by Chief Cabinet Secretary Kawamura. Hosoda and Kawamura stayed behind.

21:47

Returned to his private residence in Kamiyama-cho.

4) Poll: "Snap election" dips to 33 PERCENT , "No need to hurry" at 57 PERCENT

ASAHI (Page 1) (Abridged)  
October 28, 2008

Ahead of a potential general election for the House of Representatives, the Asahi Shimbun conducted a telephone-based public opinion survey on Oct. 25-26. In the survey, 33 PERCENT answered "yes" when asked if they thought the House of Representatives should be dissolved for a general election at an early date, with 57 PERCENT saying there was no need to do so. In a survey taken Sept. 2-3 right after former Prime Minister Fukuda's announcement of his resignation, "yes" accounted for 56 PERCENT , with "no" at 33 PERCENT . In the survey this time, however, the situation has changed. The cabinet support rate was 41 PERCENT (42 PERCENT in the last survey taken Oct. 11-12), and the nonsupport rate leveled off at 38 PERCENT (38 PERCENT in the last survey).

Among those who support the ruling Liberal Democratic Party, "yes" for an early snap election" accounted for only 16 PERCENT , with "no" overwhelming at 78 PERCENT . In the September survey, "yes" and "no" were 46 PERCENT and 47 PERCENT among LDP supporters. As compared to these figures, the fever for Diet dissolution has extremely cooled down in the latest survey. Among those who support the leading opposition Democratic Party of Japan (Minshuto), "yes" accounted for 64 PERCENT , with "no" at 34 PERCENT . Among those with no particular party affiliation, however, "yes" and "no" were at 33 PERCENT and 53 PERCENT .

In the survey this time, respondents were also asked if they had expectations for Prime Minister Aso in dealing with the financial crisis. To this question, "yes" accounted for 52 PERCENT , with "no" at 40 PERCENT . "Yes" was at 27 PERCENT among those who do not support the cabinet and 36 PERCENT even among DPJ supporters. Among those who answered "yes," 21 PERCENT said the Diet should be

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dissolved for a general election at an early date, with 72 PERCENT saying there is no need to hurry. Among those who answered "no," 51 PERCENT called for a snap election, with 42 PERCENT negative about it.

Respondents were further asked which political party they would vote for in their proportional representation blocs if they were to vote now in an election for the House of Representatives. To this question, 33 PERCENT chose the LDP, while 30 PERCENT opted for the DPJ. In the last survey, the LDP and the DPJ were even at 32 PERCENT . When asked about the desirable form of government, however, 37 PERCENT chose a DPJ-led coalition government, while 33 PERCENT picked an LDP-led coalition government.

5) Prime Minister Aso still trying to find way to hold "Narita summit" after G-20 summit

SANKEI (Page 5) (Full)  
October 28, 2008

It was learned yesterday that the government, ordered by Prime Minister Taro Aso, has continued coordinating with other countries and regions an emergency summit in Narita, Japan, aimed at alleviating the global financial crisis. Some government officials revealed this. The government appeared to have given up the idea, since it has been decided that an emergency summit of the Group of 20 economies will be held on Nov. 15 in Washington. The government, however, is feeling out the possibility of holding a Narita summit as a second emergency summit with the possibility of the global financial crisis being unresolved in mind.

Aso ordered yesterday relevant ministers to come up with a second economic stimulus package. Aso's aim is to play up his efforts and leadership in dealing with the financial crisis as chair of the Group of Eight (G-8).

Asked about his "Narita summit" notion in a House of Councillors Budget Committee session on Oct. 16, Aso revealed that he gave up on the idea of holding a summit in Narita, saying:

"I thought it would be possible to hold a summit in Narita. So we started (coordination with various countries). But some countries did not show any interest in the idea."

A government official, however, said:

"The U.S. government had stressed that it would hold a summit its own responsibility, since the financial crisis set off by the United States has greatly impacted on the global economy. So, Japan gave up its idea."

According to government officials, Aso has predicted that there is a possibility that another summit will be needed after the emergency G-20 summit in Washington. Aso is also considering calling on the G-20 member countries and regions in Washington to hold a summit again in Narita.

6) Coordination underway on meeting between Aso and U.S. president-elect

SANKEI (Page 5) (Full)  
October 28, 2008

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Prime Minister Taro Aso has sounded out close aides of the two U.S.

presidential candidates about arranging a meeting with the winner in the Nov. 4 presidential election on the sidelines of an emergency summit of the Group of 20 economies, which will take place on Nov. 15 in Washington, it was learned yesterday. Chief Cabinet Secretary Takeo Kawamura stated in a press conference yesterday: "It is an issue that we should consider whether it is possible or not, since it is a great opportunity."

7) Coordination underway with possibility of holding Japan-China-ROK summit on December 14

MAINICHI (Page 2) (Full)  
October 28, 2008

The government on October 27 entered into coordination with the possibility of holding a Japan-China-South Korea summit in Fukuoka City on December 14, according to several diplomatic sources. Prime Minister Taro Aso will chair the meeting, joined by Chinese Premier Wen Jiabao and South Korea President Lee Myung Bak. This will be the first talks three countries will hold separately from an international conference.

Aso met with Wen and Lee in Beijing on the sidelines of the Asia-Europe Meeting (ASEM) conference. On that occasion, the three leaders agreed to hold trilateral talks before year's end. The East Asia Summit (EAS) is set to be held in Thailand on December 15. The three leaders will likely head for Thailand directly from Japan.

8) Japan, U.S. chief delegates to six-party talks to meet today

YOMIURI (Page 2) (Full)  
October 28, 2008

The Foreign Ministry announced yesterday that a meeting of the Japanese and U.S. heads of delegation to the six-party talks on the denuclearization of North Korea would take place in Washington on Oct. 28. They will discuss how to proceed with the six-party talks that are expected to resume in early November and a verification protocol that will apply to North Korean nuclear programs. They are also expected to exchange views on Washington's policy course of allowing Australia and others countries to take over Japan's share in economic and energy aid to North Korea.

The meeting will be attended by Foreign Ministry Asian and Oceanian Affairs Bureau Director-General Akitaka Saiki, U.S. Assistant Secretary of State Christopher Hill, and others. It is going to be the first meeting between the Japanese and U.S. officials responsible for North Korean policy since the U.S. government removed the North from its list of terrorism-sponsoring nations on Oct. 11.

Vice Foreign Minister Mitoji Yabunaka held a press conference regarding the meeting yesterday in which he said: "We would like to make efforts for resuming the six-party talks at the earliest possible time. The next round of talks would center on the verification of (North Korean nuclear programs)."

9) South Korean parliament adopts resolution seeking Japanese apology for comfort women issue

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YOMIURI (Page 2) (Full)  
October 28, 2008

Yoshiharu Asano, Seoul

The South Korean parliament at its plenary meeting on Oct. 27 adopted by an overwhelming majority vote a resolution seeking an official apology from the Japanese government for the issue of the so-called comfort women during WWII, compensation to the victims, and descriptions in Japanese history textbooks.

The resolution reads "the Imperial Japanese Army forcibly mobilized and abducted women of various Asian countries, including Korean women, during World War II and forced them into sexual slavery

(comfort women)." Further, the resolution expresses "deep concern" that the Japanese government has not accepted the international community's repeated admonitions.

10) Two plus two meeting with Australia put off

YOMIURI (Page 2) (Full)  
October 28, 2008

Tetsu Okazaki, Sydney

The governments of Japan and Australia have decided to postpone a (two plus two) bilateral meeting of foreign and defense ministers scheduled for early November in Australia. Sources familiar with Japan-Australia relations told the Yomiuri Shimbun yesterday.

At the request of the Australian side, the two governments had decided to hold a bilateral foreign and defense ministerial on Nov. 2-3 in Perth, from which Foreign Minister Stephen Smith comes. Foreign Minister Hirofumi Nakasone, Defense Minister Yasukazu Hamada, Foreign Minister Stephen Smith and Defense Minister Joel Fitzgibbon had planned to attend the meeting.

However, the Australian government sounded out Japan about putting off the planned bilateral ministerial through a diplomatic channel, saying: "We can't coordinate the schedule since one minister will not be able to attend." The Australian government seems to have given consideration to a dissolution of the House of Representatives and a snap election in Japan.

11) Refueling extension bill's passage this month uncertain

NIKKEI (Page 2) (Abridged)  
October 28, 2008

"No matter how much we compromise, the prime minister won't listen. So we are going to have to take a tough approach." With this, Democratic Party of Japan (Minshuto) Secretary General Hatoyama hinted at a hard-line stance against the prime minister in Diet deliberations when he was in a meeting of DPJ lawmakers yesterday.

Nagatacho-Japan's political center-is now enveloped in a mood for putting off a dissolution of the House of Representatives. This had direct repercussions on a bill extending the Maritime Self-Defense Force's refueling activities in the Indian Ocean.

The ruling Liberal Democratic Party and the DPJ yesterday held a meeting of their Diet affairs committee chairmen from the House of

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Councillors. In the meeting, the DPJ's Susumu Yanase refused to hold a vote on the bill in a meeting of the House of Councillors Foreign Affairs and Defense Committee today. "This is not a situation where we can pass the bill with no objections like before," Yanase said. Partly because Foreign Minister Hirofumi Nakasone's reply in a recent meeting of the House of Councillors Foreign Affairs and Defense Committee was confused, the DPJ is now geared up to attack the LDP.

The ruling coalition, regarding the bill as a pillar of Japan's international contributions, had envisioned voting down the legislation today in the opposition-dominated House of Councillors Foreign Affairs and Defense Committee, voting it down tomorrow in a plenary sitting of the House of Councillors, and seeing it passed by the House of Representatives in a second vote on Oct. 30. Meanwhile, the prime minister has now told ruling party executives that he will delay his decision to dissolve the Diet. As it stands, the DPJ is about to change its tactic of accelerating Diet deliberations.

Turmoil over Foreign Minister Hirofumi Nakasone's reply

Foreign Minister Nakasone definitively stated before the House of Councillors Foreign Affairs and Defense Committee in its Oct. 23 meeting that activities conducted by such entities as the International Security Assistance Force (ISAF) in Afghanistan do not constitute the use of armed force. Under international law, such

activities are not seen as the use of armed force. However, the government has taken the position that careful studies are needed about whether such activities can be taken as the use of armed force under the Constitution. The DPJ then said that if that were not the use of armed force, the SDF also could go to Afghanistan. The committee discontinued its deliberations.

Nakasone was also asked when the Japanese government was notified by the U.S. government of its decision to delist North Korea as a state sponsor of terrorism. The foreign minister reiterated, "I cannot say anything specific about when." The committee's deliberations again stopped over this statement. The committee's chair, Toshimi Kitazawa (DPJ), cautioned the foreign minister: "It's only natural that the lack of a report from you has thrown the committee into confusion."

## 12) MSDF fuel possibly used for antipiracy purpose

ASAHI (Page 4) (Full)  
October 28, 2008

The Maritime Self-Defense Force, currently engaged in the task of refueling foreign naval vessels for antiterror operations in Afghanistan, has been found to have provided fuel in waters near Somalia where the U.S. Navy has been conducting antipiracy operations. The provided fuel could have been used for other purposes. However, the Defense Ministry sees no problem about it. "If the ships provided with fuel are mainly tasked with antiterror operations, there is no problem even if they are concurrently engaged in antipiracy activities," said a senior official of the ministry.

According to a Defense Ministry document, the MSDF, since the Refueling Special Measures Law's enactment in January this year, has conducted refueling activities in such areas as the Gulf of Oman, the North Arabian Sea, and the Gulf of Aden. The Gulf of Aden is situated between Somalia in the eastern part of Africa and the

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Arabian Peninsula. This year has seen a sharp increase in the number of pirate attacks in the Gulf of Aden. The United States has been patrolling the Gulf of Aden since August, and its naval vessels and airplanes, which have been tasked with maritime interdictions for antiterror operations in Afghanistan, are also engaged there in antipiracy activities as well. An MSDF supply ship provided fuel to two U.S. naval ships and also provided fuel for a helicopter. Among other countries receiving MSDF fuel, Canada, France, and Germany have also been engaged in antipiracy activities in waters off Somalia and in the Gulf of Aden.

The Defense Ministry has not unveiled which country's naval vessels had received MSDF fuel in the Gulf of Aden. However, the ministry admits that the weight of operations has now been shifted to antipiracy activities, with an official saying: "They are now downsizing their maritime interdiction operations for antiterror activities, but pirates are rampant, so it's not strange even if the purpose of U.S. naval activities there has changed in nature." Another government official explains that the MSDF fuel has never been used for any other purpose because Japan has only provided fuel that is needed for maritime interdiction operations. However, it is difficult to verify how the MSDF fuel was used.

## 13) House election not to be held this year: Prime minister to avoid political vacuum to give top priority to measures to deal with financial crisis

MAINICHI (Top Play)  
October 28, 2008

Prime Minister Taro Aso has decided to put off the holding of the next Lower House election within the year. Several government and ruling party sources revealed on October 27. His judgment is that it would not be good to create a political vacuum, by dissolving the Lower House at a time when the global financial crisis is causing stock plunges and affecting the real economy. Aso plans to release a set of additional economic stimulus measures at a press conference on the 30th. On that occasion, he will announce the decision not to

hold a Lower House election this year.

Ruling party members are divided between those who are seeking an early dissolution, envisaging a scenario of official announcement on November 18 and a vote on the 30th, and those who want to see a House election put off until a later date. The New Komeito had been strongly seeking an early dissolution of the Lower House. However, when he met with New Komeito leader Akihiro Ota, the prime minister told him his intention to put off the election, noting, "When the international financial situation is at a critical juncture, I cannot possibly create a political vacuum." Some New Komeito members are still seeking an early dissolution. However, Soka Gakkai (lay Buddhist group), New Komeito's power base, is inclining to approve the postponement of the election.

It appears that the prime minister at first had intended to dissolve the Lower House at the outset of the extraordinary Diet session. However, the harsh result on the LDP's election situation survey has partly affected his decision to put off the election. Various views have been voiced in the government and ruling parties regarding the timing of dissolving the Lower House, including "at the end of the year after the completion of budget compilation" and "after passage a second supplementary budget during a frontloaded regular Diet session in early January. The prime minister will search for the

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timing after the completion of the fiscal 2009 budget compilation.

If Lower House dissolution is postponed, the DPJ is bound to switch to a confrontational stance, affecting deliberations on key bills, including one amending the new Antiterrorism Law to extend the Maritime Self-Defense Force's refueling mission. A point has been made that the Aso administration would become lame-duck, tossed about by the divided Diet.

14) Ozawa predicts the Lower House election in January

NIKKEI (Page 2) (Full)  
October 28, 2008

Speaking about the next House of Representatives election, Democratic Party of Japan President Ichiro Ozawa said in a party convention in Nagoya yesterday: "Even if Prime Minister Aso tries hard to delay it, I believe the election will be held in January," according to a participant. Ozawa had predicted that the election would be called in late November.

15) Prime minister decides to postpone Lower House election; DPJ to reinforce its confrontational stance; Deliberations on refueling and financial legislations to face difficulties

MAINICHI (Page 2) (Excerpts)  
October 28, 2008

Prime Minister Taro Aso has decided to drop a plan to dissolve the Lower House before the end of the year. This is because the global financial crisis, which has also spread to the Japanese economy, has necessitated prioritizing economic stimulus measures for the time being. The prime minister's decision is also certain to prompt the major opposition Democratic Party of Japan, which has been calling for early Lower House dissolution, to reinforce its confrontational stance, causing difficulties in Diet deliberations. A sense of disappointment with the prime minister is simmering in the ruling coalition, as well. The environment surrounding the prime minister, including plummeting stock prices, is becoming increasingly severe.

The prime minister in an LDP executive meeting yesterday expressed a strong sense of crisis over the current state of the Japanese economy, saying: "The situation is such that the U.S. financial and securities markets that cannot see the bottom are dragging down other countries." The prime minister also ordered his party to draw up market stabilization measures before the end of the week, saying: "It is important to do things under the initiative of lawmakers with a sense of speed beyond the administrative framework and timing."

It is unknown to what extent the government's and the ruling



coalition's emergency measures will work for the nation's economy which has entered a contraction phase. The prime minister, who has run a company in the past, has highlighted the importance of economic stimulus measures. The future economic trend is closely associated with the fate of his administration. The prime minister expressed to the press corps last night his hope for revision talks between the ruling and opposition camps on a bill amending the Financial Function Early Strengthening Law, saying, "I would like to see the best plan resulting from the DPJ counterproposal and the government and ruling bloc plan."

Meanwhile, the DPJ rejected yesterday to take a vote on a bill

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amending the New Antiterrorism Special Measures Law to extend the refueling mission in the Indian Ocean at an Upper House Foreign Affairs and Defense Committee meeting on Oct. 28. The ruling camp's plan to enact the legislation before the end of the month has now become uncertain. Diet Affairs Committee Deputy Chairman Jun Azumi emphasized the confrontational stance, saying: "If Lower House dissolution is postponed, we will face off with (the ruling bloc) by using very possible means. We would even consider submitting a censure motion against the prime minister."

16) Aso's intent to delay Lower House dissolution irritates New Komeito lawmakers; Criticism erupting even from among LDP members

NIKKEI (Page 2) (Excerpts)  
October 28, 2008

Prime Minister Taro Aso has decided to put off the dissolution of the House of Representatives for the time being. In response, the New Komeito yesterday began to take steps to urge Aso to change his mind. But New Komeito members are becoming irritated as they cannot find any effective cards to prompt Aso to change his mind. Liberal Democratic Party (LDP) lawmakers who have distanced themselves from the prime minister have also voiced criticism of his intention.

In a liaison meeting of the government and the ruling coalition yesterday, New Komeito Secretary General Kazuo Kitagawa called on the government to dissolve the Lower House right after the government-announced economic stimulus package is adopted. Kitagawa said: "Depending on a response by the Democratic Party of Japan in the Diet, it might become impossible to enact key bills, including one to strengthen financial functions, as instructed by the prime minister. The market may be negatively affected as time advances."

New Komeito President Akihiro Ota exchanged views over Lower House dissolution with Aso at a Tokyo hotel on the night of the 26th, but he failed to obtain (the prime minister's) word (about an early Lower House dissolution), according to a senior ruling coalition member. The party leadership has no cards to play. In its executive meeting yesterday, too, participants just decided to work harder on the prime minister to change his mind.

A mid-ranking New Komeito member, though, said: "Even if the Lower House is dissolved, if the ruling coalition suffers a crushing defeat, we will lose everything." An opinion poll conducted by the LDP on Oct. 24-26 showed that the ruling coalition would fail to win even 200 seats, giving a worse prediction than in the previous poll in mid-October. Some junior members in the New Komeito are skeptical of the idea of dissolving the Lower House for a snap election amid the economic crisis, wondering if the people would understand it.

17) Aso, "confident of economic policy skill," facing crucial moment, with economic measures producing no effect

TOKYO SHIMBUN (Page 2) (Full)  
October 28, 2008

Prime Minister Taro Aso yesterday instructed relevant ministers to work out a package of emergency measures to stabilize the stock market. Despite the announcement of the package, the key index of the Tokyo Stock Exchange fell past its post-bubble low yesterday. The packages of economic measures that Aso has come up with over the past month since he assumed office have not halted falls on the

stock market. Aso has advocated the need to give priority to boosting the economy, but his efforts to that end might come into question under the current situation.

The prime minister instructed Finance Minister Shoichi Nakagawa and Liberal Democratic Party (LDP) Policy Research Council Chairman Kosuke Hori yesterday morning to lay out an emergency economic package. Aso told reporters, "I wonder how market players will respond in the afternoon after learning about the new economic package," expressing his hope for a rise in stock prices.

Tokyo stocks, however, continued to fall in the afternoon. In the evening, the prime minister said before reporters: "Economic stimulus measures do not necessarily produce (effects) immediately. I am not up and down (about changes in stock prices)." But Chief Cabinet Secretary Takeo Kawamura said in disappointment: "It is true that the market did not respond as we had anticipated."

The government revealed on Oct. 14 a set of market-stabilization measures that includes a measure to revive the bank recapitalization law to enable the government to inject funds in financial institutions. Following the passage of the fiscal 2007 supplementary budget on Oct. 16, the prime minister will announce a package of additional economic measures on the 30th, including those to help small businesses.

Aides to Aso stresses that the prime minister has steadily done what should be done, but no positive results have been produced.

Since the current financial crisis and falling stocks are worldwide, the government's measures certainly have limits. All the measures announced so far are still in the planning stage and have yet to be implemented.

But it is true that stock prices have plummeted by more than 5,000 yen since he came into office. If stock prices continue to plunge, the credit rating for the prime minister's economic skills will inevitably come down.

SCHIEFFER